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SUBJECT: SCENESETTER FOR FOREIGN MINISTER OSCAR MAURTUA'S
TRIP TO WASHINGTON, DECEMBER 12-14

Classified By: Political Counselor Alexander Margulies. Reason: 1.4(b/d).

1. (C) SUMMARY: Foreign Minister Oscar Maurtua believes that the U.S.-Peru Free Trade Agreement adds a new political as well as commercial dimension to our relationship. He will wish to discuss how we can take advantage of this to raise the bilateral relationship to a higher level, emphasizing UN Security Council cooperation (Peru will join the Council on 1/1/06), counternarcotics and counterterrorism assistance/coordination, and seeking a meeting between POTUS and President Alejandro Toledo to promote our common vision on how to reduce poverty in the Americas. Maurtua also can be expected to express Peru's concerns over regional governability issues (particularly Bolivia), as well as arms sales to the region (the Venezuela-Spain agreement and the USG's approval of the Netherlands' sale of F-16s to Chile). On Article 98, Maurtua may argue that renewed talks should be delayed until after the presidential elections conclude in May or June 2006. END SUMMARY.

2. (C) Maurtua, in recent conversations with the Ambassador, emphasized that he expects to serve as Foreign Minister through the end of the Toledo Administration in July 2006, and no further. He described his priority as focusing his attention on advancing Peru's foreign relations where he sees clear opportunities to do so. Maurtua, a career diplomat, is one of the few Foreign Ministry officials who understands that the U.S.-Andean Free Trade Agreement (FTA) establishes both a new commercial relationship and a new political relationship; that it is a conscious choice to align Peru with the USG's vision on how to promote growth, jobs, social justice and poverty alleviation. He views a POTUS-Toledo meeting as an ideal mechanism to symbolize the enhanced dimensions in our bilateral relationship and to promote our shared vision for growth and development.

3. (C) While Maurtua generally understands the direction in which he wants to lead Peruvian foreign policy, and that Peru's participation in the UN Security Council needs to be an element in this, he has yet to define the detailed substance. His meetings in Washington will offer high-level USG officials the opportunity to help Maurtua understand our priorities, to prioritize our bilateral agenda, to establish areas where we can cooperate, and to identify issues where further discussion and coordination are needed.

4. (C) Maurtua's appointment at Foreign Minister was an accidental one; Toledo needed an experienced professional to take over when his previous appointment of political ally Fernando Olivera engendered a Cabinet crisis, forcing Olivera's resignation one day after taking office. Maurtua is not/not a close confidant of the President's, and remains uncertain with respect to his standing within the Cabinet.

5. (S) Based on the Ambassador's conversations with Maurtua and the Foreign Ministry's Director for the Americas, Pablo Portugal, as well as a 12/5 meeting between IO A/S Kristen Silverberg and the Ministry's Directors of North American Affairs Nestor Papolizio, Multilateral Affairs Julio Garro, and Defense and Security Affairs Daul Matute, we expect that Maurtua will also raise the following issues:

-- UNSC COOPERATION: Peru sees the UNSC as an opportunity to enhance its relations with the USG through cooperation on international security issues. Peru supports our counterterrorism agenda, shares our concerns regarding Syrian compliance with UNSC resolutions and Iran's atomic program, and wants to be helpful on Middle East issues. Peru is particularly concerned with peacekeeping operations in Haiti (where it has over 200 troops) and in Africa (where it has eight observers in various missions). With respect to Haiti, Peru would like to see a firm gameplan and assistance commitments aimed at nation-building. It would also like to increase its participation in PKOs, but financial constraints will limit this unless UN reimbursements can be speeded up. Peru supports Brazil's bid for a permanent UNSC seat, but recognizes that UNSC expansion is problematic at the moment and is content to leave this on the backburner.

-- OTHER UN ISSUES: Peru agrees in principle with UN Reform aimed at increasing ethical conduct and efficiency, but is vague on details and opposes any assessment changes that would increase its own financial contribution. It supports replacing the UN Human Rights Commission (which Peru will head next session) with a UN Human Rights Council. It has

no/no favorite candidate for the next UN Secretary General, but supports the principle of regional rotation that would favor an Asian candidate this time.

-- COUNTERNARCOTICS ASSISTANCE: Maurtua has publicly stated that counternarcotics and counterterrorism cooperation are high on his agenda for the Washington visit. While we have informed GOP officials from Toledo on down that they can expect reduced USG counternarcotics funding in the future and the need to start preparing now for the gradual nationalization of CN programs, the Peruvians continue to complain about Colombia receiving more funding and to plead for additional resources.

-- COUNTERTERRORISM COOPERATION: The GOP and the Peruvian Armed Forces have asked for increased USG intelligence assistance and resource commitments (NAS helicopters) to pursue the remaining Sendero Luminoso terrorist columns in the Huallaga and Apurimac-Ene river valleys. We are providing intelligence cooperation, and have agreed to consider providing NAS resources on a case-by-case basis for counterterrorism operations, given the symbiotic relationship between Sendero Luminoso and narcotraffickers. We are insisting that the Armed Forces and National Police work together in developing integrated CT operational plans; a process that has yet to bear fruit.

-- REGIONAL GOVERNABILITY CONCERNS: President Toledo and his Cabinet are greatly concerned about threats to democracy in the Andean Region: Hugo Chavez's support for anti-democratic actors, the specter of Evo Morales winning the Bolivian presidency, instability in Ecuador, and the civil war in Colombia. That said, they have no idea how to effectively address these problems and look to the USG to provide answers.

-- REGIONAL ARMS SALES: The Toledo Administration has tried to limit regional arms purchases in order to reduce political tensions and in view of Peru's own severe fiscal constraints and competing social demands. Consequently, Peruvian officials have recently expressed serious concerns over increased arms sales to the region as evidenced by the Spain-Venezuela accord and by the USG's approval of the sale of F-16 aircraft by the Netherlands to Chile.

-- ARTICLE 98: Maurtua physically shies away when renewing negotiations on an Article 98 agreement is raised. Other Foreign Ministry officials have suggested that such talks should be postponed until after the presidential elections are finalized in May/June 2006, so as to avoid this becoming a campaign issue.

16. (C) It is also possible, albeit less likely, that Maurtua will raise the following issues:

-- PERUVIANS IN IRAQ AND AFGHANISTAN. The recruitment of several hundred Peruvians by American companies, contracted by the USG, to perform security services in Iraq and Afghanistan has become a highly controversial domestic political issue. The recent apparent suicide of one of the Peruvians in Afghanistan resulted in the Foreign Ministry requesting USG assistance in determining the facts of the case and ensuring repatriation of the remains and ensuring payment of contractual benefits to the deceased's heirs (Septel). Maurtua previously suggested to the Ambassador that the USG establish a liaison office in Iraq to oversee the treatment of Peruvian and other third-country nationals employed under USG contracts there, and to act as an interface between these employees and their respective governments.

-- MARITIME DISPUTE WITH CHILE. In early November, the GOP promulgated legislation unilaterally fixing its maritime boundaries. This has led to a diplomatic rumpus with Chile, as Peru's claimed southern boundary would extend its maritime jurisdiction into waters historically claimed by Chile. Chile insists that the maritime boundaries were set by regional agreements signed in 1952 and 1954, while Peru argues that the 1952 agreement is irrelevant and that the 1954 agreement only applies to fishing rights, not maritime boundaries. The USG is guarantor of the 1929 Peace Agreement between Peru and Chile, but that agreement only deals with land frontiers, not maritime boundaries. While Peru has not/not sought to involve the U.S. in this dispute, and is talking about taking the case to the International Court of Justice, Maurtua may mention this issue in passing, in connection with the F-16 sales to Chile, for example.

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